



## DEPARTMENT OF LABOR

### Employment and Training Administration

Comment Request for Information Collection for State Administration of Applications and Grants for the Self-Employment Assistance (SEA) Program, extension without revisions.

**AGENCY:** Employment and Training Administration (ETA), Labor.

**ACTION:** Notice.

**SUMMARY:** The Department of Labor (Department), as part of its continuing effort to reduce paperwork and respondent burden, conducts a preclearance consultation program to provide the public and Federal agencies with an opportunity to comment on proposed and/or continuing collections of information in accordance with the Paperwork Reduction Act of 1995 [44 U.S.C. 3506(c)(2)(A)]. This program helps ensure that requested data can be provided in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the impact of collection requirements on respondents can be properly assessed.

ETA is soliciting comments concerning the continuation of the collection of data for state administration of applications and grants for SEA beyond the current expiration date of 11/30/2012.

**DATES:** Written comments must be submitted to the office listed in the addresses section below on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** Submit written comments to Scott Gibbons, Office of Unemployment Insurance, Employment and Training Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, DC 20210. Telephone number: 202-693-3008 (this is not a toll-free number).

Individuals with hearing or speech impairments may access the telephone number above via TTY by calling the toll-free Federal Information Relay Service at 1-877-889-5627 (TTY/TDD).

E-mail: [gibbons.scott@dol.gov](mailto:gibbons.scott@dol.gov). A copy of the proposed information collection request (ICR) can be obtained by contacting Mr. Gibbons.

## **SUPPLEMENTARY INFORMATION:**

### **I. Background**

On February 22, 2012, the President signed into law the Middle Class Tax Relief and Job Creation Act (MCTRJC) of 2012 (P.L. 112-96). In recognition of the importance of supporting entrepreneurship, Subtitle E of P.L. 112-96 (hereinafter referred to as Subtitle E) amended the Federal Unemployment Compensation (UC) Act to extend the SEA program to the long-term unemployed who are receiving benefits under the Emergency Unemployment Compensation (EUC) and Extended Benefits (EB) programs. This is a further expansion of the SEA program, which began in 1993.

Prior to the enactment of the North American Free Trade Agreement (NAFTA) Implementation Act (P.L. 103-182) in 1993, withdrawals for the purpose of paying self-employment allowances would have been prohibited as the “withdrawal standard” of Section 3304(a)(4) of the Federal Unemployment Tax Act (FUTA) and Section 303(a)(5), Social Security Act (SSA), limits withdrawals (with specified exceptions not relevant here) from a state's unemployment fund to payments of “compensation.” The term “compensation” is defined in Section 3306(h), FUTA, as “cash benefits payable to individuals with respect to their unemployment.” Because payment must be made with respect to “unemployment,” the withdrawal standard prohibits states from using unemployment funds to help individuals establish themselves in self-employment. After NAFTA was enacted, states had the option of operating, for a five-year period, an SEA program permitting certain individuals to receive payments from the state's unemployment fund in lieu of regular compensation to help them establish businesses to become self-employed. Subsequently,

on October 28, 1998, the Noncitizen Benefit Clarification and Other Technical Amendments Act of 1998, (P.L. 105-306) permanently authorized the SEA program.

Participation in the state SEA programs under NAFTA (as amended by P.L. 105-306) was voluntary by both the state and the unemployed individual. Individuals were encouraged to become reemployed by starting their own businesses while collecting a self-employment allowance in lieu of regular UC, and to support continued economic growth through developing businesses. Over the last 15 years, small businesses have created two out of every three jobs, and over half of all working Americans own or work in a small business.

SEA provides unemployed individuals, volunteering to enter the SEA program, financial support while they access the resources, information, and training they need to get a business established.

Individuals enrolled in an SEA program receive a weekly allowance in the same amount as the individual's regular UC weekly benefit amount would have been. The definition of an SEA program under section 3306(t), FUTA requires an individual to be:

a. Eligible to receive regular UC under the state's law, except that the individuals are not required to meet the state's requirements related to:

- Availability for work;
- Active work search;
- Refusal to accept work; and
- Disqualifying income with respect to income earned from self-employment;

b. Identified under a state worker profiling system as likely to exhaust regular UC;

c. Participating in self-employment activities including entrepreneurial training, business counseling, and technical assistance that are approved by the state UC agency; and

d. Actively engaged on a full-time basis in activities (which may include training) relating

to the establishment of a business and becoming self-employed.

Section 3306(t), FUTA, also provides that the aggregate number of individuals receiving SEA allowances may at no time exceed five percent of the number of individuals receiving regular UC. In addition, the SEA program may not result in any cost to the Unemployment Trust Fund (UTF) in excess of the cost that would be incurred by the state and charged to the UTF had the individual(s) not participated in the SEA program. The “regular” SEA program remains unchanged except that P.L. 112-96 has created a requirement for additional reporting requirements.

## **II. Review Focus**

The Department is particularly interested in comments which:

- evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- enhance the quality, utility, and clarity of the information to be collected; and
- minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submissions of responses.

## **III. Current Actions**

Type of Review: Extension without changes

Title: State Administration of Applications and Grants for the Self-Employment

Assistance (SEA) Program

OMB Number: 1205-0496

Affected Public: State Workforce Agencies

Form(s): Unemployment Insurance Program Letter No. 20-12

Total Annual Burden Cost for Respondents: There are no burden costs

Category and Instruments	Respondents	Hours Per Response	Annualized Responses	Annualized Hours	Annualized Value of Respondent Time
Grant Application: Attachments III, IV	26	125	1	3,250	\$133,217.50
Review of Operating Instructions	26	10	1	260	\$10,657.40
Review of Model Language	26	10	1	260	\$10,657.40
Quarterly Monitoring Instrument	26	40	104	4,160	\$170,518.40
Unduplicated Totals	26			7,930	\$325,051.70

Comments submitted in response to this comment request will be summarized and/or included in the request for OMB approval of the ICR; they will also become a matter of public record.

DATED: Signed in Washington, D.C., on this 6<sup>th</sup> day of August, 2012.

**Jane Oates,**

Assistant Secretary for Employment and Training, Labor.

**BILLING CODE 4510- FW-P**

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